UNITED
NATIONS

ST

Secretariat

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29 March 1995

INFORMATION CIRCULAR

To: Staff members who are liable to pay income taxes to United States tax authorities on United Nations salaries and emoluments

From: The Controller

Subject: PAYMENT OF INCOME TAXES*

1. The purpose of this circular is to announce the introduction, with effect from April 1995, of new procedures for the payment by the United Nations of advances for estimated United States federal income taxes.

2. Staff members who will be liable to pay federal, state or municipal income taxes for 1995 are normally required to make quarterly estimated tax payments to the tax authorities on their United Nations income. With certain limitations, the United Nations assists staff members in meeting their estimated tax obligations on United Nations income. This is described in detail in paragraphs 47 through 51 of ST/IC/1995/3, dated 17 January 1995.

3. After staff members have completed the appropriate section of form F.65 (Request for settlement of income taxes), the United Nations has in the past issued quarterly advance cheques to staff members for the payment of estimated taxes on their United Nations income.

4. Generally, staff members receiving such advances for the payment of estimated taxes have received two cheques from the United Nations each quarter. One advance cheque, representing payment of the United Nations' estimated share of the staff member's federal income taxes as well as the Organization's share

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* Personnel Manual index no. 3071

of self-employment (Social Security) taxes, if applicable, has been made payable jointly to the staff member and to the Internal Revenue Service (IRS). It has been the staff member's responsibility to endorse this two-party cheque and to transmit it, with a form 1040-ES payment voucher, to IRS. The second advance cheque has been made payable jointly to the staff member and to the state/city taxing authority, to be endorsed and transmitted to New York State (with tax form IT-2105) or another state taxing authority.

5. The United Nations is changing the procedures for the payment of advances to IRS for estimated federal taxes due, effective with the payment of first quarter advances for 1995, due on 17 April 1995. In lieu of individual cheques for the federal tax advances, the United Nations will make a direct deposit to IRS of the advances quarterly. This change will simplify tax payment procedures for many staff members. It is also expected to decrease the number of errors and related IRS penalties as a result of cheques received late or lost or not credited to the proper accounts.

6. For most staff members paying taxes to the United States, the amount will now be deposited directly with IRS for credit to the staff members' individual tax accounts as estimated payments received. Staff members who have not filed their requests for 1995 advances with the Payroll Unit by the Headquarters deadline of 1 March 1995 may receive their first advance for estimated federal taxes for 1995 by cheque rather than direct deposit. However, in these instances, subsequent advances in 1995 for federal estimated taxes will normally be made by direct deposit.

7. All advances for New York or other state/city estimated taxes will continue to be made by two-party cheque, payable jointly to the staff member and the taxing authority. These state/city cheques must continue to be endorsed by the staff member and sent promptly with the proper form to the appropriate tax authority.

8. Staff members whose tax advance payments for estimated federal taxes are made by a direct deposit to IRS will be notified of the amount of the direct deposit on the transmittal statement that accompanies 1994 tax reimbursement cheques and/or 1995 advance payments.

9. Staff members whose tax advance payments for the United Nations' share of their estimated federal taxes are made by direct deposit with IRS under these new procedures will, in many cases, still have to make additional estimated tax payments directly to the IRS each quarter, using IRS Form 1040-ES payment vouchers. Staff members who are United States citizens and are thus required to pay self-employment (Social Security) taxes will need to make estimated federal tax payments for their own share of self-employment taxes due. All staff members with taxable income from sources other than the United Nations may need to make additional estimated federal tax payments each quarter as well.